

THE UNIVERSITY OF SOUTHERN CALIFORNIA

RETIREMENT SAVINGS PROGRAM

SUMMARY PLAN DESCRIPTION

July 2012

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INTRODUCTION

The University of Southern California offers eligible faculty and staff a Retirement Savings Program that involves contributions from both you and the university.

This Summary Plan Description has been prepared to explain the major provisions of the USC Retirement Savings Program in effect as of January 1, 2012, and to try to answer some of the questions you might have. *Although all possible care has been taken in the preparation of this Summary Plan Description, it is not the official text of the university's retirement plans. In the event of any inconsistency between the information in this Summary and in the plans themselves, or to the extent the plans contain more complete or detailed information or rules, the provisions of the plans will prevail.*

Copies of the actual plan documents are available for inspection in the Office of Retirement Plan Administration during regular business hours. You may also contact the Office of Retirement Plan Administration if you have any questions about this Retirement Savings Program.

En este folleto se encuentra un resumen en inglés de los derechos y beneficios incluidos en el Plan de Jubilación y en el Plan de Impuestos-Diferidos del Personal de Apoyo de la Universidad del Sur de California. Si le es difícil comprender cualquier parte de este folleto, póngase en contacto con la Oficina de Administración de Beneficios en University Park en CUB 200 (213-740-6027).

I. PROGRAM BACKGROUND

1. What is the USC Retirement Savings Program?

Under the Program, you will automatically receive a university non-elective contribution of 5% of your eligible pay for each pay period after you become eligible, even if you do not contribute to the Program. The Program also provides you with the opportunity to contribute up to 5% of your eligible pay each pay period and receive a matching university contribution of up to 5% of your eligible pay for the pay period. Further, in addition to your “Matched Employee Contributions,” which are your contributions up to 5% of your eligible pay, you may also contribute additional “Supplemental Employee Contributions” up to the applicable federal limit. In this Summary Plan Description, the term “USC Non-Elective Contribution” refers to the automatic 5% university contribution and the term “USC Match Contribution” refers to the matching contributions the university makes with respect to your Matched Employee Contributions (up to an additional 5% if you make a 5% Matched Employee Contribution).

The “Retirement Savings Program” is the nickname for two underlying plans: the University of Southern California Defined Contribution Plan (under which USC Non-Elective and USC Match Contributions are made) and the University of Southern California Tax-Deferred Annuity Plan (under which your Matched Employee Contributions and Supplemental Employee Contributions are made).

You are given a number of investment options for all amounts (that is, your Matched Employee Contributions, your Supplemental Employee Contributions, your USC Non-Elective Contribution, and your USC Match Contributions) contributed under the Retirement Savings Program on your behalf. You may select from these options the combination that best suits your needs and objectives. The Retirement Savings Program is intended to be responsive to your personal situation and competitive with the retirement programs offered by other institutions.

2. What was the university’s retirement program prior to July 1, 2007?

Prior to July 1, 2007, the university offered two separate programs, one for non-exempt staff and one for faculty and exempt staff.

- As part of the Non-Exempt Staff Retirement Program, eligible non-exempt staff participated in a defined benefit plan called the Support Staff Retirement Plan (the “Staff Plan”). Effective June 30, 2007, for non-union participants and participants covered by the university’s collective bargaining agreement with OPEIU Local 30, the Staff Plan was amended to freeze benefits as of June 30, 2007 and to fully vest each participant who was an employee on June 30, 2007. Effective December 23, 2009, for participants covered by the university’s collective bargaining agreement with Unite Here Local 11, the Staff Plan was amended to freeze benefits as of December 23, 2009 and to fully vest each participant who was an employee on December 23, 2009. Vested benefits under the Staff Plan will be paid in accordance with the terms of that plan. Please see the summary plan description for the Staff Plan (available at www.usc.edu/dept/Benefits) for more information. Nonexempt staff were also permitted to make voluntary pre-tax contributions up to the applicable

federal limit. If you made voluntary contributions under the prior programs, your accounts and/or contracts under the new Program include your voluntary contributions, which are subject to the same rules as Supplemental Employee Contributions under the new Program.

- Eligible faculty and exempt staff participated in a defined contribution program that provided for mandatory 5% employee contributions and 10% university contributions. In addition, faculty and exempt staff were permitted to make voluntary pre-tax contributions up to the applicable federal limit. If you were a participant in this program prior to July 1, 2007, your accounts and/or contracts under the new Program include your prior mandatory contributions, voluntary contributions and university contributions. Your prior mandatory contributions are subject to the same rules as Matched Employee Contributions, and your prior voluntary contributions are subject to the same rules as Supplemental Employee Contributions under the new Program. Likewise, university contributions under the prior program are subject to the same rules as USC Match Contributions under the new Program.

You may contact the Office of Benefits Administration if you have questions about your retirement benefits under one or both of the prior retirement programs.

3. How are plan accounts from merged physician practice group retirement plans treated?

The following plans were merged into the Program on July 1, 2009:

- USC Head and Neck Associates Medical Group, Inc. Profit Sharing Plan
- Doheny Eye Medial Group, Inc. Defined Contribution Retirement Plan
- USC Neurologists, Inc. Retirement Plan
- USC Family Medicine, Inc. Retirement Plan
- USC Internal Medicine, Inc. Faculty Retirement Plan

The following plans were merged into the Program on June 30, 2011:

- USC Imaging Associates, Inc. 403(b) Plan
- USC Radiology Associates, Inc. 403(b) Plan

Your account balance(s) under the prior physician practice group plan were transferred to the Program and can be viewed in your quarterly statements or online with your vendor.

II. ELIGIBILITY AND PARTICIPATION

4. Who may participate in the USC Retirement Savings Program?

Generally, if you are employed by the university, you are eligible to become a Participant in the USC Retirement Savings Program. However, you are not eligible to participate in the

Program for purposes of Matched Employee Contributions, USC Non-Elective Contributions, and USC Match Contributions if:

- you are enrolled as a student at the university and your employment is incidental to your enrollment;
- you are a “Postdoctoral Fellow” as described in the memorandum from the university Provost’s Office issued January 10, 2003 and implemented effective July 1, 2003;
- for periods prior to January 1, 2012, you were paid on a per diem basis;
- you are a Postdoctoral Scholar who is hired with an offer letter dated after July 13, 2012 in the classification of “Postdoctoral Scholar – Research Associate” or “Postdoctoral Scholar – Teaching Fellow” with an initial appointment effective on or after August 1, 2012;
- you are employed by another employer and your services have been leased to the university;
- your employment is governed by a collective bargaining agreement the terms of which do not provide for your participation (for example, if you are a union hospital employee participating in the Hospital 401(k) Plan);
- you are a non-resident alien with no U.S. source income; or
- you are not paid through the university’s regular payroll.

Furthermore, you are not eligible to make Supplemental Employee Contributions if either:

- you are enrolled as a student at the university (including as a “Postdoctoral Fellow” as described in the memorandum from the university’s Provost’s office issued January 10, 2003 and implemented effective July 1, 2003) and your employment is incidental to your enrollment;
- you are a non-resident alien with no U.S. source income; or
- you are an employee of another employer and your services have been leased to the university.

If you are employed not by the university itself, but instead by a related employer, you will be notified if that employer is a Participating Employer in the Program. You may also obtain a list of Participating Employers from the Office of Benefits Administration. For purposes of this Summary, the term “university” will be used to include both the university and any other Participating Employers, except with reference to the university’s right to administer the Program and the university’s right to modify or terminate the Defined Contribution Plan, the Tax-Deferred Annuity Plan, or both, as described in Question 34 of this Summary.

5. When will I become a Participant for purposes of Matched Employee Contributions, USC Non-Elective Contributions and USC Match Contributions?

If you are eligible to participate (see Question 3), you must first complete an “Eligibility Period” and attain age 21 to begin participation in the Program for purposes of Matched Employee Contributions, USC Non-Elective Contributions and USC Match Contributions. In order to complete an Eligibility Period, you must complete at least 500 “hours of service” for the university during a 6-month period. The 6-month period for this purpose begins on your first day of work and, if necessary, each January 1 and July 1 after that day until you complete 500 hours of service in a period. In general, you are credited with “hours of service” for hours you work and for certain other hours for which you are entitled to be paid (such as paid vacation and holidays). (You are also credited with hours of service for periods during which you are absent due to a military leave, provided that you return to work for the university while you have a right to reemployment under federal law.) Effective January 1, 2012, an employee who is not paid on an hourly basis (as determined on the University’s records) will be credited with 190 hours for each calendar month in which he or she is credited with one hour of service. (Prior to January 1, 2012, an employee who regularly worked half time or more throughout a 6-month period was treated as completing 500 hours of service during that period.) If you do not complete a six-month Eligibility Period in your first year of employment, you may still become a Participant if you are credited with at least 1,000 hours of service during that year.

In certain circumstances, you may receive credit for service with a prior employer (such as Health Research Association, USC University Hospital, Inc., Tenet Healthsystem Norris, Inc., USC Head & Neck Associates Medical Group, Inc., and Doheny Eye Center). For questions about your service under the Program, please contact the Office of Benefits Administration.

Once you have satisfied the Program’s age and service requirements for participation, you will automatically be enrolled at the highest level of pre-tax Matched Employee Contributions, USC Non-Elective Contributions and USC Match Contributions (5% Matched Employee Contributions, 5% USC Non-Elective Contributions and 5% USC Match Contributions), effective as of the first pay period following the date on which you become eligible to participate unless you make a different election by completing and submitting the enrollment election forms that will be provided to you approximately 60 days in advance of the date on which you will otherwise be automatically enrolled.

Please note: Even if you do not complete the enrollment process on eTrac, your Matched Employee Contributions will begin automatically. That is, your pay will be reduced on a pre-tax basis and contributions will begin as described in Questions 8 and 9 below. You should complete the enrollment process on eTrac in a timely manner to ensure that contributions made to the Program on your behalf are consistent with your needs and are invested according to your preferences. Section III of this Summary describes the investment options available and how to allocate contributions made on your behalf between the options.

6. How do I become a Participant for purposes of Supplemental Employee Contributions?

If you are eligible to participate, you will become a Participant once you elect to participate by completing the enrollment process on eTrac. See Questions 8 and 9. Also, please see Question 10 for important information about calculating your Supplemental Employee Contributions prior to completing your Eligibility Period.

7. What if I have a change in status or am reemployed after I have become a Participant?

If your job status changes from an eligible position to an ineligible position, contributions will no longer be made on your behalf under the Program (except to the extent that you remain eligible for Supplemental Employee Contributions). If you become eligible for the Hospital 401(k) Plan, you must affirmatively enroll in the 401(k) Plan to make salary deferral contributions and receive annual matching contributions under the Hospital 401(k) Plan.

If your employment with the university terminates after you become a Participant and you are subsequently reemployed by the university as an eligible employee, you will automatically become a Participant again as of the first day of the pay period that coincides with or follows the date on which you again become an eligible employee (see Question 4).

If you are immediately eligible to participate upon rehire or a status change, you will be automatically enrolled to make Matched Employee Contributions of 5% of your eligible pay effective as of the first pay period following the 30th day after your rehire or status change unless you make a different election within that 30-day period.

III. CONTRIBUTIONS

8. What contributions are made on my behalf under the Program?

The university will contribute a dollar-for-dollar matching contribution up to 5% of your Matched Employee Contributions, plus an additional automatic 5% USC Non-Elective Contribution, as shown below:

| <u>Your Matched Employee Contribution</u> | <u>USC Match Contribution</u> | <u>USC Non-Elective Contribution</u> |
|---|-------------------------------|--------------------------------------|
| 5% | 5% | 5% |
| 4% | 4% | 5% |
| 3% | 3% | 5% |
| 2% | 2% | 5% |
| 1% | 1% | 5% |
| 0% | 0% | 5% |

The USC Match Contributions (with respect to your Matched Employee Contributions) are considered “safe harbor” contributions and allow the Program to automatically satisfy some of the IRS’ nondiscrimination rules.

In addition, if your Matched Employee Contributions do not exceed applicable IRS limits (described in Question 10), you may contribute additional Supplemental Employee Contributions up to the IRS limit.

Your Matched Employee Contributions and your Supplemental Employee Contributions are funded by you pursuant to a “Salary Reduction Election,” and USC Match and USC Non-Elective Contributions are funded by the university.

9. What is a Salary Reduction Election?

Under a Salary Reduction Election, you elect to have part of your earnings contributed to the Program each pay period on your behalf. A Salary Reduction Election applies only to pay that you receive after the pay period in which you execute the Election. Salary Reduction Elections are made online through eTrac at www.usc.edu/etrac. If you need assistance with your online Salary Reduction Election, you may request assistance from the Office of Benefits Administration.

Please note: If you do not complete the online enrollment process through eTrac when you first become eligible for the Program, you will be deemed to have elected to make 5% pre-tax Matched Employee Contributions and no Supplemental Employee Contributions.

Your Matched Employee Contributions and Supplemental Employee Contributions are made on a “pre-tax” basis or as “Roth” contributions (or a combination of the two). “Pre-tax” means that the contribution will not be included in your taxable earnings on your federal Form W-2 for the year, and you will not pay federal income taxes on the contribution (until the contribution is paid to you from the Program). “Roth” contributions are made on an after-tax basis and are irrevocably designated as Roth contributions. See Question 32 for more information. These contributions will reduce your current take-home pay.

Any Salary Reduction Election under this Program (or similar election under any other USC retirement or 457(b) plan) will be revoked if you take a hardship withdrawal on or after August 1, 2012. To begin contributions again after the 6-month period, you must make a new Salary Reduction Election through eTrac.

10. How Much Can I Contribute through Matched Employee Contributions and Supplemental Employee Contributions?

Under federal law, as a general matter the sum of your pre-tax and Roth Matched Employee Contributions and Supplemental Employee Contributions cannot exceed the lesser of a specific dollar amount or 100% of your eligible earnings (less amounts necessary to satisfy withholding requirements and any other salary reductions or deductions you have elected) in any calendar year. The dollar amount is \$17,000 for 2012. If you are or will be at least age 50 during 2012, you may contribute an additional \$5,500 in 2012. (These federal limits are adjusted

by the IRS from time to time.) Further, you may be eligible to contribute an additional amount if you have completed fifteen or more years of service with the university (or with your participating employer). Other rules restrict the maximum amount of these contributions as well. Please contact the Office of Benefits Administration with any questions.

Please note: If you want to make Supplemental Employee Contributions before you are eligible to make Matched Employee Contributions, you should be sure that you will still have enough limit “left over” to make the maximum 5% Matched Employee Contributions each pay period throughout the remainder of the calendar year (so that you can receive the maximum USC Match Contribution) after you become eligible. If you would like assistance with your contribution calculations, please contact the Office of Benefits Administration.

11. Is there an overlap between my Matched Employee Contributions and my Supplemental Employee Contributions?

Yes. Your Matched Employee Contributions and your Supplemental Employee Contributions are subject to the same IRS limit (see Question 10), which applies to the total of your pre-tax and Roth Matched Employee Contributions and your pre-tax and Roth Supplemental Employee Contributions.

Example: After Mark satisfies the Program’s age and service requirements, he is automatically enrolled in the Program at the highest level of contributions, effective January 1, 2012. Mark has eligible earnings of \$1,923 each pay period. For his Matched Employee Contributions, his pay is reduced each pay period by 5% (or \$96.15). For 2012, his total Matched Employee Contributions will be \$2,499.90 (or \$96.15 x 26 pay periods). If Mark wants to make Supplemental Employee Contributions up to the IRS limit for 2012, his maximum amount of Supplemental Employee Contributions is determined by subtracting \$2,499.90 from the 2012 IRS limit applicable to Mark.

12. Can I contribute to the Program on both a pre-tax and Roth basis?

Yes. Your Matched Employee Contributions and Supplemental Employee Contributions may consist of all pre-tax contributions, all Roth contributions, or a combination of the two types - the decision is yours. Ultimately, making a sound decision hinges on your estimation of the taxes you think you will pay in retirement. If you expect your tax rate to be the same or higher in retirement than it is now, you might be better off with Roth contributions. However, if you are in your peak earning years now, and you figure your tax bracket will be lower in retirement, you may benefit more from continuing with your pre-tax contributions. In reality, though, no one can predict with certainty what tax rates will be in the future and it is for the reason that Roth contributions will be more appealing to those participants who decide that it is better to pay taxes at the current rates than to take a tax deferral now and pay the taxes at the then current tax rates in the future. You should also take into account the special distribution rules described in Question 23. You should discuss your personal situation with your tax advisor.

13. May I change the amount of my Matched Employee Contributions and Supplemental Employee Contributions?

You may change the amount and type (pre-tax or Roth) of your Matched Employee Contributions and Supplemental Employee Contributions at any time by filing a new Salary Reduction Election through eTrac. In addition, you are free to revoke your Salary Reduction Election in its entirety as to pay you have not yet earned. Changes and revocations must be made through eTrac and will generally be effective as soon as administratively practicable, usually as of the first day of the pay period following the date on which the change or revocation is processed.

14. What are my Eligible Earnings for purposes of the Program?

“Eligible earnings” means earnings paid to you by the university for services rendered to the university, including your regular base salary or wages plus any summer supplements, at-risk compensation, disability plan payments or workers compensation paid by the university under a disability plan or workers compensation plan sponsored by the university, bonuses, overtime pay, administrative stipends, merit awards, overload payments, shift differential, tips, sick leave buy-back and other similar compensation you may receive. Eligible earnings are determined before any reduction for your Matched Employee Contributions or your Supplemental Employee Contributions or any reduction under the university’s Code section 125, 132(f)(4), or 457 plans or programs. However, “eligible earnings” do not include housing, automobile, mobile phone, and other allowances, imputed compensation, debt forgiveness, cash advances for expenses, contributions and make-up pay relating to the Hartford deferred compensation plan, a 457(f) plan, or a similar restoration arrangement, any tuition or other benefits paid by the university not described above, severance pay or pay in lieu of notice paid after severance from employment or any amounts paid by the university as agent for an entity other than a Participating Employer (e.g., sponsorship payments) or certain otherwise eligible earnings that are not paid within the later of 2 ½ months after severance from employment or the last day of the year in which your employment terminates. The Internal Revenue Code limits the earnings which may be taken into account under the Defined Contribution Plan for any year. The limit for 2012 is \$250,000. This limit is adjusted by the Internal Revenue Service from time to time for cost-of-living increases.

15. When will I become vested in my accumulations under the Program?

“Vesting” refers to the portion of your accumulations under the Program that you are entitled to receive when you become eligible for payments. You are at all times fully vested in your own contributions, your USC Match Contributions and any rollover contributions (see Question 16 below) under the Program.

If you were an eligible employee on December 31, 2011, you are also fully vested in your USC Non-Elective Contributions.

If you were not an eligible employee on December 31, 2011, you will earn a vested interest in your USC Non-Elective Contributions under the vesting schedule set forth below:

| <u>Years of Vesting Service</u> | <u>Vested Percentage</u> |
|---------------------------------|--------------------------|
| Less than 1 | 0% |
| 1 | 25% |

| | |
|-----------|------|
| 2 | 50% |
| 3 | 75% |
| 4 or More | 100% |

You will also become fully vested if you attain age 65 or die while an employee or if you become disabled (as described in Question 27).

You earn a year of vesting service for each calendar year in which you are credited with at least 1,000 hours of service.

If your employment with the university terminates before you are fully vested in your USC Non-Elective Contributions, the unvested portion will be forfeited upon the earlier of a full distribution of your vested account balance in the Defined Contribution Plan or the last day of the year in which you have had a 5 year break-in-service (that is, a period of 5 consecutive years in which you are credited with fewer than 501 hours of service). If you are rehired before you have a 5 year break-in-service, the forfeited amount will be restored (without earnings) as long as you repay the prior distribution by the 5th anniversary of your reemployment.

16. May I make contributions to the Retirement Savings Program from another retirement plan?

You may make “rollover contributions” to the Tax-Deferred Annuity Plan, and your rollover contributions will be subject to the same rules as Supplemental Employee Contributions. In order to make such a contribution, you must demonstrate to the Plan Administrator that the contribution is eligible as a “rollover contribution” under the provisions of the Internal Revenue Code and satisfies the plan’s requirements for rollover contributions. It is possible that not all annuity contracts and mutual fund accounts (see Question 17 below) will accept such contributions. More information about rollover contributions is available from the Office of Benefits Administration. Note: Prior to August 1, 2002, the Defined Contribution Plan accepted rollover contributions from certain other retirement plans. Such rollover contributions will remain in the Defined Contribution Plan and are subject to the terms of that plan.

II. INVESTMENT OF RETIREMENT SAVINGS PROGRAM ASSETS

17. How are contributions to the Retirement Savings Program invested?

In general, contributions to the Retirement Savings Program made on your behalf, including USC Match Contributions, USC Non-Elective Contributions, your Matched Employee Contributions and your Supplemental Employee Contributions, will be invested according to your directions from among a number of investment options offered by a variety of investment vendors. Currently, the investment vendors include Fidelity Investments (“Fidelity”), Prudential Insurance Company of America (“Prudential”), TIAA-CREF, and The Vanguard Group (“Vanguard”).

Prior to July 1, 2007, the investment options also included a variable rate group annuity contract issued by SunAmerica, the returns on which are based on the performance of the

underlying SunAmerica funds you selected. This investment option was frozen to new participants effective April 1, 2007 and to new contributions from all participants effective July 1, 2007. In addition, previously, a fixed-rate group annuity contract issued by Mutual Benefit Life Assurance Company also held contributions under the Program. However, these amounts were transferred to SunAmerica in 1999 and may remain invested with SunAmerica or another available investment option at your direction. Please contact SunAmerica or the Office of Benefits Administration with any questions you may have.

Information concerning the investment options currently offered under the Program by each investment vendor (Fidelity, Prudential, TIAA-CREF and Vanguard) is available to you online through each vendor's website and through eTrac. The information includes descriptions of the investment objectives, risk and return characteristics and information relating to the type and diversification of assets making up the portfolio of each mutual fund or annuity contract. You will also receive information about the fees and expenses associated with the available investment options. Please contact either the Office of Benefits Administration or the sponsoring vendors for more information.

You are strongly encouraged to read carefully all of the descriptions and disclosure materials relating to the investment options available before making investment selections.

Contributions to the Retirement Savings Program made on your behalf are allocated in a two-step process. First, you must direct the university how to allocate contributions made on your behalf among the available investment vendors (Fidelity, Prudential, TIAA-CREF and Vanguard) by completing a Salary Reduction Election online through eTrac. You may change the vendor(s) with which the contributions made on your behalf are invested at any time by making a new Salary Reduction Election through eTrac. Your USC Match Contributions and USC Non-Elective Contributions will be invested in the same manner as you elect in your Salary Reduction Election. **If you do not select a vendor for your contributions, the university will direct any contributions made on your behalf to the age-appropriate Vanguard Target Retirement Fund (based on when you will turn age 65).**

Second, you must direct each investment vendor how to allocate the contributions among the investment options available from that vendor. You can allocate your contributions through eTrac or directly through each vendor's website. Each vendor will send you written confirmation of your investment elections. If you select a vendor but fail to give investment directions to a vendor, that vendor is directed to invest your contributions in the age-appropriate Fidelity Freedom Fund, Prudential Goal Maker (Moderate Risk), TIAA-CREF Lifecycle Fund, or Vanguard Target Retirement Fund, as applicable.

Example: Mary completed into a Salary Reduction Election, electing to reduce her pay each pay period by \$100. On her Salary Reduction Election, Mary directed the university to allocate each pay period \$50 to her Fidelity mutual fund account and \$50 to the annuity contract issued by TIAA-CREF. In order to direct the investment of the amounts allocated to the Fidelity mutual fund account and the TIAA-CREF annuity contract among the various funds available, Mary completed the investment allocation portion of the online enrollment process through eTrac. Mary's investment election applies to both her contributions and the contributions that the university makes on her behalf.

18. How do I direct my investments?

As described above, separate materials from the investment vendors (Fidelity, Prudential, TIAA-CREF and Vanguard) provide details on the mechanics of directing your investments among investment vehicles offered by the vendors as well as transferring amounts between investment vendors. In general, you may transfer amounts accumulated under the Program for your benefit among and between the various investment vendors and the investment options offered by the vendors on a daily basis. *However, the individual vendors do have some restrictions on transfers (some have minimums for allocations and transfers, others restrict the transfer of funds out of their contracts). It is important that you read the investment vendor material carefully before you make any allocation decisions.*

The rules governing investment under the Retirement Savings Program apply not only to you, but also to your beneficiaries (should you die) or alternate payees (if a portion of your annuity contracts or mutual fund account is transferred under a divorce or separation order; see Question 31 below).

In general, each investment vendor will send quarterly account statements directly to you or, if you elect, you can receive statements electronically.

19. Who is responsible for investment gains and losses?

Both the Tax-Deferred Annuity Plan and the Defined Contribution Plan, the underlying plans which comprise the Retirement Savings Program, are intended to constitute plans described in section 404(c) of the Employee Retirement Income Security Act (“ERISA”), and Title 29 of the Code of Federal Regulations section 2550.404c-1. Both plans provide you and your beneficiaries with the opportunity (and the responsibility) to exercise control over the assets contributed and accumulated on your behalf under the plans by allowing you to choose from a broad range of investment alternatives the manner in which these assets will be invested, and by providing you with information necessary to make informed decisions with respect to the investment options under the plans and the incidents of ownership that arise from those investments. The fiduciaries of the plans are obligated (with certain limited exceptions) to comply with these instructions. As a result, fiduciaries of the plans are generally relieved of liability for any losses which are the direct and necessary result of investment instructions given by you or your beneficiary.

20. Are there any investment fees or expenses?

There may be commissions, sales charges, redemption or exchange fees, or other transaction fees or expenses which directly affect your annuity contracts and mutual fund accounts under the Retirement Savings Program. Additionally, the funds underlying many of the annuities and the mutual fund accounts may themselves pay certain fees to their investment advisors or other service providers. Any such fees or expenses, whether deducted directly from your contracts or accounts or paid indirectly by the investment vendors or the underlying funds, effectively reduce the return on your contracts and accounts. For more and specific information, please consult the investment information (including prospectuses) provided to you for and by each investment vendor or contact the investment vendors directly.

21. Who will vote fund shares allocated to my custodial accounts or annuity contracts?

If any voting rights, tender rights, or other similar rights are incidental to your interest in any annuity contract or mutual fund accounts under the Retirement Savings Program, such rights may be passed through to you. For specific information with respect to an annuity contract or mutual fund account, please consult the investment information provided to you for and by each investment vendor or contact the investment vendors directly.

22. What additional information about investments is available?

Each year, you will receive participant fee disclosure intended to satisfy certain requirements under applicable Department of Labor regulations. You may obtain a written copy of this disclosure concerning the investment options available under the Retirement Savings Program by contacting the Office of Benefits Administration, CUB 200, University Park Campus, Los Angeles, California 90089-0704, at (213) 740-6027. You may request a prospectus directly from the applicable investment vendor.

IV. DISTRIBUTIONS

23. When will I receive payments under the Retirement Savings Program?

The Retirement Savings Program is intended to help you to save for your future, including retirement. However, you will become entitled to receive your accumulations under the Program when your employment with the university ends. Also, if you remain employed by the university, you will be entitled to make withdrawals from your annuity contracts and accounts under the Program under limited circumstances:

- After you reach age 59½, to the extent such amounts are attributable to Supplemental Employee Contributions (and rollover contributions, if any) and as provided under each contract and account.
- If you are not tenured or you submit a resignation from tenure (or resign from your full-time primary administrative position as an officer of the university or a vice president, president or dean of the school) under a phased retirement agreement, you may make in-service withdrawals from all your vested Program accumulations after you attain age 59 ½, to the extent permitted under each contract and account.
- You may also be entitled to make withdrawals of certain vested amounts under the Program while you are employed by the university if you become entitled to a Social Security disability benefit (see Question 27) or if you incur a financial hardship (see Question 26).
- You may borrow from your vested contracts or accounts (see Question 25) to the extent provided under each contract and account.
- Your annuity contract and mutual fund account balances will be paid to your beneficiaries when you die, as explained in Question 29.

Please note: Generally, any withdrawals of your Roth contributions (including earnings) after you reach 59½, die or become disabled will not be subject to federal income tax, provided that you have held the Roth contribution account for at least five years. Any other withdrawal of your Roth contributions will be subject to federal income tax with respect to any earnings and may be subject to a 10% penalty if you are under age 59½.

Special Distribution Feature. If you accepted the retirement incentive package offered by the university during 1997, after you attain age 59½ you are entitled to withdraw all or a part of your accumulations attributable to any mandatory contributions made prior to July 1, 2007, and after you attain age 65 you may withdraw all or any part of your accumulations attributable to university contributions. In each case, your withdrawals are subject to the rules regarding spousal consent and the terms of the contract in which the contributions are invested.

24. How are benefits paid?

Your vested accumulations under the Retirement Savings Program will be paid out as you select according to the terms of the annuity contracts and mutual fund accounts in which your accumulations are invested. However, the following, general rules apply to all benefit payments from the Retirement Savings Program:

- If you are **not married** on the date payments are to begin, unless you elect otherwise your benefit will be paid in a single life annuity, payable in monthly payments during your lifetime. No amounts will be paid to your beneficiary.
- If you are **married** on the date payments are to begin, benefits will be paid in the form of a “qualified joint and survivor annuity” unless you elect otherwise as described below. A “qualified joint and survivor annuity” is an annuity that pays a lifetime periodic benefit to you, generally monthly, and after your death pays a periodic benefit to your surviving spouse during his or her remaining lifetime. The amount of the monthly benefit paid to you is smaller than the monthly benefit of a single life annuity. The amount of the periodic benefit payable to your surviving spouse is at least 50%, but may not be more than 100%, of the periodic benefit payable during your lifetime.

If you are married when payments are to begin, you may choose to receive benefits in a form other than a qualified joint and survivor annuity or to name a survivor payee other than your spouse, subject to the terms of each annuity contract and mutual fund account. Such a waiver or naming of a substitute beneficiary requires the written consent of your spouse, properly notarized or witnessed on a form provided by the investment vendors.

Information is available from each investment vendor through the vendor’s website (accessible through eTrac or directly) describing the optional forms of benefit payments available under specific annuity contracts and mutual fund accounts. Most contracts and accounts allow payments in single-sum distributions, installment payments, and various annuity options. You should contact each vendor with which your Retirement Savings Program accumulations are invested to obtain the proper forms for payments, including spousal consent

forms. In addition, the Office of Benefits Administration is able to provide you with information and answer general benefit payment questions.

25. May I borrow from my accumulations under the Retirement Program?

To the extent permitted by the annuity contracts and accounts in which your Retirement Savings Program accumulations are held and subject to applicable rules, you may borrow from your vested accumulations under the Program if you are a current employee of the university. However, you are not allowed to borrow amounts attributable to Matched Employee Contributions. Loans must be in an amount of at least \$1,000, but not more than \$50,000 reduced by your highest outstanding loan balance from all contracts and accounts under the plans in the preceding 12 months. Subject to IRS limits, no more than two loans may be initiated by a Participant within any 5-year period (including loans taken from the University of Southern California Hospital 401(k) Retirement Plan). If you are married at the time you borrow from your accounts or contracts, your spouse must consent to the loan as well. Your loan will be repaid through regular payroll deduction, which will remain in effect as long as you are employed by the university. Other rules also apply. More information is available from the Office of Benefits Administration and the specific vendors.

26. What if I incur a financial hardship?

While you are still employed by the university, you may withdraw a limited amount of Retirement Savings Program accumulations attributable to your Matched Employee Contributions and your Supplemental Employee Contributions upon the demonstration of a “financial hardship.” You must borrow the maximum amount available from your annuity contracts and mutual fund accounts as described in Question 25 above prior to receiving a hardship distribution. USC Match Contributions and USC Non-Elective Contributions are not eligible for withdrawal on account of financial hardship and neither are investment earnings attributable to your Matched Employee Contributions or your Supplemental Employee Contributions made after 1988. In addition, the amount which you may withdraw may be further limited by the specific annuity contracts and accounts in which your Retirement Savings Program accumulations are invested.

A financial hardship is defined under the Program as an immediate and heavy financial need arising from:

1. Tax-deductible medical expenses, not covered by medical insurance, incurred by you, your spouse, or any of your dependents;
2. Costs directly related to the purchase of a principal residence (excluding mortgage payments);
3. Payment of tuition, related educational fees and room and board expenses for the next 12 months of post-secondary education for you, your spouse or dependents;
4. Payments necessary to prevent eviction from your principal residence or foreclosure of the mortgage on your principal residence;

5. Payments for repairs for damage to your principal residence that would be eligible for the casualty deduction on your federal income tax return (without regard to whether the payment exceeds 10% of your adjusted gross income); or
6. Burial or funeral expenses for your deceased spouse, parent, children or dependents.

You will be required to submit written evidence of both the nature and amount of financial need to the Office of Benefits Administration. If you are married at the time you request a financial hardship distribution, your spouse must provide notarized consent to the distribution. Hardship withdrawal forms are available from the Office of Benefits Administration and the Health Sciences Personnel Office.

Federal income tax will be withheld from the amount withdrawn (see Question 32) and penalties will apply if you are under age 59½. You may not withdraw an amount that exceeds your current financial need, although amounts withdrawn to satisfy your tax liability on a hardship withdrawal are included in the determination of your financial need.

Please note: For hardship withdrawals made on or after August 1, 2012, USC is required to stop your Matched Employee Contributions and your Supplemental Employee Contributions for a period of 6 months. Any contributions to the USC University Hospital 401(k) Retirement Plan or the USC 457(b) Plan for Eligible Faculty and Administrative Staff must be suspended for the same 6-month period. During the 6-month period, you will not receive any USC Match Contributions (and this suspension may also impact the calculation of any annual matching contributions under the 401(k) plan). To start contributing to the Program (and any other USC plan) after the 6-month period ends, you must affirmatively make a new Salary Reduction Election through eTrac.

27. What if I become disabled?

If you become entitled to receive Social Security disability benefits (as determined by the Social Security Administration), you may elect to receive all or a portion of benefits under the Program.

28. Are there circumstances when a withdrawal must be made?

Federal law requires the Program to begin your benefit payments no later than April 1 of the year following the later of the year in which you attain 70½ or the year of your retirement from the university. These requirements must be satisfied with respect to the amounts you have invested with each investment vendor under each of the plans. Your vendor(s) will contact you to inform you of the minimum amount(s) which must be distributed to you, and such amount(s) will be distributed to you on a pro rata basis from your investments with such vendor (unless you complete the necessary paperwork to affirmatively elect a distribution in a timely manner). If you do not begin payments on time, you will generally be liable for additional taxes equal to 50% of the amount that should have been paid. Note: Employees who attained age 70½ prior to 1996 started their benefits no later than the April 1 after the year in which they attained age 70½, although they are permitted to stop receiving payments while they remain employed by the university to the extent permitted by an investment vendor and applicable law. Employees who attained age 70½ in 1996, 1997, or 1998 started their benefits no later than the April 1 after the

year in which they attained age 70½, unless they elected to delay such payment until their retirement from the university.

In addition, certain court orders, most frequently associated with divorce or marital separation, may require the Retirement Savings Program to make distributions from your annuity contracts or mutual fund accounts (or both) directly to your spouse, former spouse, or dependents, regardless of whether you have separated from service or are otherwise entitled to payments from the Program. See Question 31 for more details about such court orders.

Please see Question 23 for the permissible distribution events under the Program.

29. What happens if I die before receiving all of my benefits?

If you die before your retirement benefits begin, your spouse or other beneficiary designated to receive your benefits in the event of your death is entitled to receive a death benefit from your Retirement Savings Program annuity contracts and mutual fund accounts as provided in the contracts or account agreements. Payments will normally be made to your beneficiary as soon as practicable following your death and completion of the necessary forms. Payments must be made in their entirety before the end of the year in which the fifth anniversary of your death occurs or be made or begin no later than the last day of the year in which the first anniversary of your death occurs or if your beneficiary is your spouse, the last day of the year in which you would have reached age 70½, in the case of benefits to be paid over your beneficiary's life or life expectancy.

Please Note: Under the Defined Contribution Plan, if you are married at the time of your death, your surviving spouse will automatically be deemed to be your beneficiary of 100% of each annuity contract and mutual fund account unless prior to your death your spouse had consented to the designation of another beneficiary. Under the Tax-Deferred Annuity Plan, if you are married at the time of your death, your surviving spouse will automatically be deemed to be your beneficiary of at least 50% of each annuity contract and mutual fund account unless prior to your death, your spouse had consented to the designation of another beneficiary. This spousal consent is required for each annuity contract or mutual fund account for which you designate a non-spouse beneficiary. Each consent must be in writing on a form provided by the relevant investment vendor, must be properly notarized or witnessed by an authorized university representative, and may only be made at certain times. Certain limited exceptions and special rules may apply in the event of marital separation or where your spouse is unable to give consent. See the Office of Benefits Administration for more information.

If you die after your retirement benefits begin but before complete payment of your annuity contract and mutual fund account balances, your benefits will be payable to your surviving spouse or beneficiary if and to the extent provided in the form of payment already in effect.

III. ADMINISTRATIVE AND OTHER IMPORTANT INFORMATION

30. Could I lose my right to benefits under the Retirement Savings Program or could the value of my benefits decrease?

There are circumstances which could cause you to lose your rights to benefit payments or decrease the value of your benefits under the Retirement Savings Program:

- Amounts invested under the Retirement Savings Program are subject to increases or decreases in value depending upon the investment options you choose and the investment performance of those options.
- If you stop contributing to the Tax-Deferred Annuity Plan, your benefits under that Plan will increase only if your annuity contracts and mutual fund accounts produce investment income. (You will continue to receive the 5% USC Non-Elective Contribution even if you stop making pre-tax and Roth Matched Employee Contributions.)
- If you take a hardship withdrawal on or after August 1, 2012, your Matched Employee Contributions, Supplemental Employee Contributions, and USC Match Contributions will stop for a 6-month period, and they will not begin again until you make a new Salary Reduction Election through eTrac.
- If your contributions to the Retirement Savings Program exceed certain IRS limits (such as the limits described in Questions 10 and 31), part of your contributions may be returned to you.
- Because payments from the Retirement Savings Program may be based on a valuation date which is not the date benefit payments are made, the amount of any payments may not be equal to the fair market value of assets in the annuity contract or mutual fund account as of the date of the payments.
- Some annuity contracts may impose surrender charges on certain dispositions of the contracts. Any such charges are disclosed in the investment materials provided to you.
- All or a portion of your accumulations under the Retirement Savings Program may be assigned under a “qualified domestic relations order.” See Question 31 for more details on these orders.
- Because the Retirement Savings Program consists of two defined contribution plans, in the event the Retirement Savings Program or either plan were terminated, your benefits would not be insured under by the Pension Benefit Guaranty Corporation.
- If you do not keep your current address on file with each investment vendor that holds accumulations under the Retirement Savings Program on your behalf, the payment of your benefits could be delayed.

31. Are there any other limits or restrictions on Retirement Savings Program contributions?

Federal law limits the maximum amount which can be contributed on your behalf under the Retirement Savings Program. Some limits apply to the dollar amount that may be contributed, while others seek to ensure that higher paid employees are not benefiting in disproportion to lower paid employees. Generally, the Program is designed such that these limits should not affect you except in unusual circumstances. However, in some cases contributions may be returned to you, for which you will be subject to current income taxation.

You are responsible for ensuring that none of the Internal Revenue Code contribution limitations are violated with respect to your annuity contracts and accounts under the Retirement Savings Program. However, the university historically has estimated the annual limits as they apply to your contributions and expects to continue this practice (although it may stop performing this analysis at any time). If the university estimates your limits for a year, you will not be able to contribute more than the university's estimate to the Program during that year.

Your benefits under the Retirement Savings Program may not be assigned or pledged to others and are not subject to the claims of creditors, except in the case of a qualified court order for payments such as alimony, child support and the like, and as may otherwise be required or permitted by law. To the extent required by such a court order, the Plan Administrator may be required to direct Fidelity, Prudential, SunAmerica, TIAA-CREF, Vanguard, or the Trustee of the Defined Contribution Plan to make payments from your annuity contracts or mutual fund accounts maintained under the Retirement Savings Program to alternate payees named in the order. Please contact the Office of Benefits Administration for a copy of the Program's procedures for qualified domestic relations orders.

32. Are there income tax implications for Participants in the Retirement Savings Program?

The rules concerning federal and state income taxation of payments from the Retirement Savings Program are complicated and you are strongly encouraged to seek professional tax advice before receiving any payments or selecting any payment option. For example, if your benefit or any portion thereof is paid in a lump sum or in installments over less than ten years, the amount paid will generally be subject to immediate 20% federal income tax withholding. In addition, you will be subject to a 10% federal penalty and 2.5% California state penalty if you have not yet attained age 59½. However, these payments may be eligible for a tax-free rollover to an individual retirement account ("IRA") or another eligible retirement plan. (Hardship distributions (see Question 26) are not eligible for rollover and are generally subject to 10% federal withholding.) You (or your spouse or beneficiary) may elect to transfer such a distribution directly to an IRA or other eligible retirement plan that accepts rollovers. Ask the Office of Benefits Administration or the investment vendors directly for more information on these transfers.

Generally, any withdrawals of your Roth contributions (including earnings) after you reach 59½, die or become disabled will not be subject to federal income tax, provided that you have held the Roth contribution account for at least five years. Any withdrawal prior to

satisfaction of these requirements will result in taxable income with respect to any earnings (and may result in penalties if you have not yet attained age 59½). Roth contributions are eligible for rollover to a Roth IRA or an eligible retirement plan.

In certain instances, the state income taxation rules are different from the federal income taxation rules with respect to contributions to and payments from the Retirement Savings Program, and you are encouraged to seek professional tax advice with respect to state income taxes that may apply at any given time.

33. What are the procedures for filing a claim under the Retirement Savings Program?

If you believe you are being denied any rights or benefits under the Program, you (or your duly authorized representative) may file a claim in writing with the Plan Administrator through the Office of Retirement Plan Administration. If the claim is denied, in whole or in part, the Plan Administrator will notify you in writing (or electronically if permissible under applicable law), giving the specific reasons for the decision, including specific reference to the pertinent plan provisions and a description of any additional material or information necessary to perfect the claim and an explanation of why such material or information is necessary. The notice will also include a description of the plans' review procedures, including a statement of your rights under ERISA to bring a civil action if your claim is denied upon review. The Plan Administrator will notify you of its decision within 90 days after it receives the claim (or within 180 days, if special circumstances exist requiring additional time, and if you have been given a written explanation for the extension within the initial 90-day period). At this time, you may request a review of the denial of the claim.

A request for review must be made in writing by you or your duly authorized representative to the Plan Administrator within 60 days after you receive the notice of denial. As part of the request, you (or your duly authorized representative) may submit written issues, comments, and information to the Plan Administrator and review or request (free of charge) copies of pertinent documents, records and other information relevant to your claim. The Plan Administrator will notify you of its decision in writing (or electronically if permissible under applicable law) within 60 days (or 120 days if special circumstances exist requiring more than 60 days and written notice of the extension is provided to you within the initial 60 day period) after the request has been received. If your claim is again denied on review, the decision will inform you of the specific reasons for the denial and will include references to pertinent plan provisions. The decision will also advise you of your rights to review or request (free of charge) copies of relevant documents, records and other information and your rights under ERISA to bring a civil action with respect to the denial of your claim.

Attached at Appendix A is a copy of the plans' full claims and appeals procedures.

34. May the Retirement Savings Program change or be terminated in the future?

Although the university expects to continue the Retirement Savings Program indefinitely, it reserves the right to amend, modify or terminate the Program, the Defined Contribution Plan, or the Tax-Deferred Annuity Plan at any time. Except under limited circumstances, the university may not amend the plans retroactively to deprive any Participant or beneficiary of any benefit to which he or she was entitled prior to the amendment. In the event that either of the plans is terminated, all benefits in the terminated plan will remain fully vested and will be paid in accordance with the provisions of the terminated plan. If any material modifications are made to the plans, you will be notified.

Because the Defined Contribution Plan and the Tax-Deferred Annuity Plan are defined contribution plans, the plans, and thus Retirement Savings Program benefits, are not subject to the termination insurance program under Title IV of ERISA.

35. What are my rights under ERISA?

As a Participant in the Retirement Savings Program, you are entitled to certain rights and protections under ERISA. ERISA provides that all plan Participants shall be entitled to:

- (a) examine, without charge, at the Office of Retirement Plan Administration and other specified locations (including worksites and union halls), all documents governing the plans, including insurance contracts, and copies of the latest annual reports (Form 5500 series) filed by the university as the Plan Administrator with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration;
- (b) obtain copies of the documents governing the operation of the plans, including insurance contracts, and copies of the latest annual report (Form 5500 series) and updated summary plan descriptions, upon written request to the Office of Retirement Plan Administration. The Office of Retirement Plan Administration may make a reasonable charge for the copies;
- (c) receive a summary of each plan's annual financial report. The Office of Benefits Administration is required by law to furnish each Participant with a copy of this summary financial report;
- (d) obtain a statement telling a Participant (1) the amounts credited to his or her account or contracts under the plans and (2) the total amount he or she would receive if the Participant's employment terminated now. This statement must be requested in writing and is not required to be given more than once a year. The Office of Benefits Administration must provide the statement free of charge.

In addition to creating rights for plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the plans. The people who operate the plans, called "fiduciaries," have a duty to do so prudently and in the interest of all of the Participants and beneficiaries. No one, including the university or any other person, may fire or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA.

If your claim for a benefit is denied or ignored in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the Office of Retirement Plan Administration and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Office of Retirement Plan Administration to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Office of Retirement Plan Administration.

If you have a claim of benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that plan fiduciaries misuse the plans' money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or may file suit in a federal court. In addition, if you disagree with the Plan Administrator's decision, or lack thereof, concerning the qualified status of a domestic relations order, you may file suit in a federal court.

The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

If you have any questions about the Retirement Savings Program, you should contact the Plan Administrator through the Office of Retirement Plan Administration. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

36. What other information do I need to be aware of?

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| <u>Summary Plan Description</u> | This document is the official Summary Plan Description of both the Defined Contribution Plan and the Tax-Deferred Annuity Plan. |
| <u>Plan Names</u> | The official names of the plans are: the University of Southern California Defined Contribution Plan (which provides for USC Non-Elective Contributions and USC Match Contributions); and the University of Southern California Tax-Deferred Annuity Plan (which provides for your Matched Employee Contributions and Supplemental Employee Contributions). |
| <u>Plan Years</u> | The Plan Year for both plans is the calendar year. |
| <u>Plan Sponsor</u> | University of Southern California University Park Los Angeles, CA 90089-0704 |
| <u>Employer Identification Number of Plan Sponsor</u> | 95-1642394 |
| <u>Plan Numbers</u> | 002 -- Defined Contribution Plan (USC Non-Elective Contributions and USC Match Contributions) 001 -- Tax-Deferred Annuity Plan (Matched Employee Contributions and Supplemental Employee Contributions) |
| <u>Plan Administrator</u> | The plans are administered by the university: University of Southern California Office of Retirement Plan Administration CUB 200 Los Angeles, CA 90089-0704 (213) 831-8131 As Administrator, the university has the discretionary authority to interpret and administer the plans, and its decisions are final and binding. |

Agent for Legal Process

The agent for service of legal process is the university's General Counsel, at the following address:

General Counsel
University of Southern California
University Park
Los Angeles, CA 90089-5013
(213) 740-7922

Plan Trustees

Under the Defined Contribution Plan, amounts invested in Fidelity, Prudential, TIAA-CREF or Vanguard mutual funds are held in trust by the following trustees:

Fidelity Management Trust Company
82 Devonshire Street
Boston, Massachusetts 02109

Prudential Financial Trust Company
P. O. Box 1206
Wilkes Barre, PA 18703-1206

JPMorgan Chase Bank, N.A. (for TIAA-CREF funds)
2 Chase Manhattan Plaza
New York, NY 10004

The Vanguard Fiduciary Trust Company
P.O. Box 2900
Valley Forge, PA 19482-2900

Under the Tax-Deferred Annuity Plan, amounts invested in Fidelity, Prudential, TIAA-CREF and Vanguard mutual funds are held in a group mutual fund accounts with the following custodians:

Fidelity Management Trust Company
82 Devonshire Street
Boston, MA 02109

Prudential Financial Trust Company
P. O. Box 1206
Wilkes Barre, PA 18703-1206

JPMorgan Chase Bank, N.A. (for TIAA-CREF funds)
2 Chase Manhattan Plaza
New York, NY 10004

The Vanguard Fiduciary Trust Company
P.O. Box 2900
Valley Forge, PA 19482-2900

Other amounts under the Defined Contribution Plan and Tax-Deferred Annuity Plan are held in annuity contracts issued by:

TIAA-CREF
730 Third Avenue
New York, NY 10017-3206

Prudential Insurance Company of America
c/o Prudential Defined Contribution Services
30 Scranton Office Park
Moosic, PA 18507-1789

SunAmerica
One SunAmerica Center
Los Angeles, CA 90067-6022
(1-877-999-9205)

Plan Benefits

USC Non-Elective Contributions and USC Match Contributions are made under a defined contribution plan intended to qualify under section 401(a) of the Internal Revenue Code. Your Matched Employee Contributions and your Supplemental Employee Contributions are made to annuity contracts and mutual fund accounts described in section 403(b) of the Internal Revenue Code.

Plan Funding

Contributions under the Defined Contribution Plan are funded from university contributions and contributions under the Tax-Deferred Annuity Plan are funded from employees' voluntary contributions.

Employment Rights

Neither the plans nor this summary creates an employment contract or any right to continued employment at the university.

APPENDIX A

**UNIVERSITY OF SOUTHERN CALIFORNIA DEFINED CONTRIBUTION
RETIREMENT PLAN
UNIVERSITY OF SOUTHERN CALIFORNIA TAX-DEFERRED
ANNUITY PLAN
UNIVERSITY OF SOUTHERN CALIFORNIA SUPPORT STAFF
RETIREMENT PLAN**

ERISA Section 503 Procedures

These Procedures have been established under the University of Southern California's Defined Contribution Retirement Plan, Tax-Deferred Annuity Plan and Support Staff Retirement Plan (the "Plans") to govern the administration of claims for benefits under the Plans (other than routine applications for benefits or plan elections). These Procedures are intended to comply with Section 503 of ERISA and with the regulations thereunder (the "Regulations").

1. *Definitions.* The following terms, when used in these Procedures, shall have the meanings set forth below:

- "Administrator": The University.
- "Appeal": An appeal duly undertaken by a Claimant or Representative from a Claim Denial.
- "Benefit": A benefit under the Plan (including the right to participate in the Plan), as determined in accordance with the terms of the Plan.
- "Claim": A request, demand or other claim for a Benefit brought by a Claimant or a Claimant's Representative. An application for a Benefit in the ordinary course, including any associated consents, elections or similar documentation, shall not constitute a Claim subject to these Procedures.
- "Claim Denial": Any adverse determination by the Administrator with respect to a Claim.
- "Claimant": A Plan participant or beneficiary who brings a Claim.
- "Claims Processor": The University's Office of Benefits Administration.
- "ERISA": The Employee Retirement Income Security Act of 1974, as amended.
- "Procedures": The procedures set forth herein, as the same may from time to time be amended and in effect.
- "Representative": In the case of any Claimant, either of the following: (i) an attorney at law who is in good standing and admitted to practice in the jurisdiction

in which the Claimant resides or in California, and who has been duly authorized by the Claimant to represent the Claimant with respect to a Claim, or (ii) any other person who is determined by the Administrator to be a “duly authorized representative” (as that term is used in the Regulations) of the Claimant. A person shall not be treated as a Representative if the Administrator determines that his or her representation of the Claimant with respect to the Claim would constitute the unauthorized practice of law by such person or would violate any other law or regulation. Any person purporting to be a Claimant’s Representative with respect to a Claim shall furnish to the Administrator a valid and effective power of attorney, or similar written authorization, that establishes to the satisfaction of the Administrator such person’s authority to represent the Claimant with respect to the Claim. Where a Claimant seeks to be represented with respect to a Claim by a person who is not described in clause (i), the Administrator may require the Claimant to acknowledge that he or she has been advised of his or her right to be represented by an attorney described in clause (i) and has chosen not to do so.

- “University:” The University of Southern California.

2. Applicability of Procedures. These Procedures shall apply to Claims brought on or after January 1, 2002.

3. Filing of Claims. Each Claim must be in writing and shall be deemed received by the Administrator upon the earlier of (a) actual receipt by the Claims Processor, or (b) the third business day following the date on which the Claim was mailed to the Claims Processor by U.S. mail, postage pre-paid, first class (including registered or certified) mail, at the following address:

Director, Retirement Plan Administration
University of Southern California
CUB 200
Los Angeles, CA 90089-0704

No Claim that is not in writing shall be taken into account under these Procedures.

4. Processing of Claims. The Administrator shall have a reasonable period of time in which to process any Claim; *provided*, that such period shall not exceed 90 days from the date on which the Claim is deemed received by the Administrator (as determined under Section 3 above) unless the Administrator determines that it needs additional time to process the Claim and so notifies the Claimant (or his or her Representative) within such initial 90-day period. If the Administrator determines that it needs more time, it may extend the initial 90-day period for up to an additional 90 days. Any notice to a Claimant or Representative extending the period for considering a Claim shall indicate the circumstances requiring the extension and the date by which the Administrator expects to render a determination with respect to the Claim.

5. Claim Denials. Any Claim Denial by the Administrator with respect to a Claim shall be furnished to the Claimant or Representative in writing and shall contain: (i) the specific

reason or reasons for the Claim Denial; (ii) reference to the specific Plan provisions on which the Claim Denial is based; (iii) a description of any additional material or information necessary for the Claimant or Representative to perfect the Claim and an explanation of why such material or information is necessary; and (iv) a description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of the Claimant's rights under Section 502(a) of ERISA to bring a civil action with respect to an adverse determination upon review. The Administrator may satisfy the notice requirements of clause (iv) of this Section 5 by furnishing to the Claimant or to his or her Representative a copy of these Procedures.

6. *Appeal of Claim Denials.* A Claimant who has received (or whose Representative has received) a Claim Denial shall have 60 days from the date of such receipt to appeal the Claim Denial. An Appeal shall be timely only if (i) received by the Administrator not later than the last day of such 60-day period or (ii) mailed by U.S. mail, postage pre-paid, first class (including registered or certified) mail, with a post mark not later than the last day of such 60-day period, to:

Administrator, Attn: Director, Retirement Plan Administration
University of Southern California
CUB 200
Los Angeles, CA 90089-0704

No Appeal that is not in writing shall be taken into account under these Procedures.

7. *Determination of Appeals.* All timely Appeals shall be considered by the Administrator, which shall take into account in its deliberations all comments, documents, records and other information submitted by the Claimant or Representative, whether submitted in connection with the Appeal or in connection with the original Claim. The Administrator shall consider a timely Appeal (as determined under Section 6) within a reasonable period of time, but not later than 60 days after receipt of the Appeal, unless the Administrator determines that special circumstances (such as the need to hold a hearing, which is permitted under these Procedures) require an extension of time. If the Administrator determines that an extension of time is required, it will cause written notice of the extension, including a description of the circumstances requiring an extension and the date by which the Administrator expects to render the determination on review, to be furnished to the Claimant or to his or her Representative prior to the termination of the initial 60-day period. In no event shall an extension exceed a period of 60 days from the end of the initial period; *provided*, that in the case of any extension of time required by the failure of the Claimant or Representative to submit information necessary for the Administrator to consider the Appeal, the period of time in which the Appeal is required to be considered pursuant to this Section 7 shall be tolled from the date on which notification of the extension is sent to the Claimant or Representative until the date on which the Claimant or Representative responds to the Administrator's request for additional information. Notice of the Administrator's determination with respect the Appeal shall be communicated to the Claimant or Representative in writing and, if adverse, shall include (i) the specific reason or reasons for the adverse determination; (ii) reference to the specific plan provisions on which the adverse determination was based; (iii) a statement reciting the Claimant's or Representative's rights under Section 8 of these Procedures; and (iv) a statement of the Claimant's rights under Section 502(a) of ERISA to bring a civil action with respect to the adverse determination upon review.

The Administrator may satisfy the notice requirements of clauses (iii) and (iv) of this Section 7 by furnishing to the Claimant or Representative a copy of these Procedures.

8. *Certain Information.* In connection with the determination of a Claim, or an Appeal, a Claimant or Representative may submit written comments, documents, records and other information relating to the Claim and may request copies of any documents, records and other information relevant to the Claim. An item shall be deemed “relevant” to a Claim if it (i) was relied upon in determining the Claim, or (ii) was submitted, considered or generated in the course of making such determination, or (iii) demonstrates that such determination was made in accordance with governing Plan documents (including, for this purpose, these Procedures) and that, where appropriate, Plan provisions have been applied consistently with similarly situated Claimants. The Administrator shall furnish free of charge copies of all relevant documents, records and other information so requested; *provided*, that nothing in these Procedures shall obligate the Administrator to disclose any document, record or information that is subject to a privilege (including, without limitation, the attorney-client privilege) or the disclosure of which would, in the judgment of the Administrator, violate any law or regulation.

9. *Presumption Of Denial.* In any case where the Administrator does not act upon a Claim within the period described in Section 4, or does not act upon an Appeal within the period described in Section 7, the Claim or the Appeal, as the case may be, shall, subject to the Regulations, be deemed denied as of the last day of the applicable period.

10. *Rights of a Claimant Where Appeal is Denied.* Where a Claimant’s Appeal is denied, the Claimant may be entitled to bring suit under Section 502(a) of ERISA. The Claimant’s actual entitlement, if any, to bring suit and the scope of and other rules pertaining to any such suit shall be governed by, and subject to the limitations of, applicable law, including ERISA. The U.S. Department of Labor has taken the position, as set forth in subsection (f) of the Regulations, that in the case of a failure of a plan to establish or follow claims procedures consistent with the requirements of the Regulations, a claimant shall be deemed to have exhausted the administrative remedied available under the plan and shall be entitled to pursue any available remedies under Section 502(a) of ERISA on the basis that the plan has failed to provide a reasonable claims procedures that would yield a decision on the merits of the claim.

11. *Amendment of Procedures; Interpretation.* These Procedures may be modified at any time and from time to time by action of a duly authorized officer of the University and shall be deemed automatically modified to incorporate any requirement attributable to a change in the Regulations after January 1, 2002. The Administrator shall have complete discretion to interpret and apply these Procedures, including, for purposes of applying these Procedures, the Regulations.

ADDENDUM TO ERISA SECTION 503 PROCEDURES

(Appointment of Authorized Representative)

Note to Claimant:

If you wish to have someone else represent you in submitting or pursuing a Claim under the attached Procedures, your representative *must* submit the attached statement (with your signature, if necessary) and any required accompanying documents.

DECLARATION OF AUTHORIZED REPRESENTATIVE

The undersigned representative (the "Representative") has been duly authorized to represent _____ (the "Claimant") with respect to a Claim or Appeal brought under the ERISA Section 503 Procedures (the "Procedures") established under the University of Southern California's Defined Contribution Retirement Plan, Tax-Deferred Annuity Plan, and Support Staff Retirement Plan (the "Plans"). The Representative acknowledges that he/she has been furnished a copy of the Procedures and has read and understood them. The Representative further states (check one):

_____ I am an attorney at law in good standing who is authorized to practice law in (check one) (attach a copy of the Power of Attorney authorizing representation):

- the State of California, or
- the jurisdiction in which the Claimant resides, if other than California (specify state: _____).

_____ I am not an attorney at law. By signing this Declaration below, the Claimant has authorized the Representative to act on his or her behalf.

The Representative further states that his or her representation of the Claimant with respect to the Claim or Appeal will not violate any law or regulation, including any rule prohibiting the unauthorized practice of law. The Representative acknowledges that any assignment of benefits by the Claimant to the Representative is unlawful and that the persons authorized to act on behalf of the Plans under the Procedures may refuse to deal with the Representative in connection with the Claim or Appeal if the Administrator of the Plans determines that any statement by the Representative in this Declaration is false or incomplete.

(Signature of Representative)

(Name of Representative)

(Street Address)

(City, State and ZIP)

(Telephone Number)

STATE OF _____

_____, ss. _____, 200__

Then personally appeared the above named _____ and acknowledged the foregoing to be his/her free act and deed, before me,

Notary Public
My commission expires: _____

(Signature of Claimant)

(Name of Claimant)

STATE OF _____

_____, ss. _____, 200__

Then personally appeared the above named _____ and acknowledged the foregoing to be his/her free act and deed, before me,

Notary Public
My commission expires:_____